



# *Spencer Board of Selectmen Public Hearing*

*on the*

*November 4, 2014  
Special Town Election  
Ballot Question*

*McCourt Social Hall  
Spencer Town Hall*

*Wednesday, October 22, 2014, at 6:00 p.m.*



# *Purpose*

To present facts to the citizens of Spencer as they relate to the history, process, and impact of the Spencer – East Brookfield Regional School District Budget Assessments on the General Government Operating Budget and to answer questions from the public in order to prepare voters for the November 4, 2014 State Election which will include a Special Election Ballot Question for a Proposition 2 ½ Tax Override to restore Municipal Services that were cut on July 1, 2014.



# ***Presentation Outline***

- ***Recent Fiscal History***
- ***Hoe We Avoided Overrides***
- ***Recent SEBRSD Budget History***
- ***FY2015 Town Budget Summary***
- ***FY2015 General Government Budget Summary***
- ***FY2015 Service Reduction as a Result of Failed Override in May***
- ***Proposition 2 ½ Override (What is it?)***
- ***Election Information***
- ***Impact of Override Approval***
- ***Questions?***





# *Recent Fiscal History*

**State Aid Cuts** In FY2008, the Town received \$2,859,902 in State Local Aid. That revenue quickly dropped in FY2009, mid year, to \$2,469,905 and dropped to a low of \$2,108,169 in FY2013 for a total loss in annual revenue of \$751,733 or 26%.

**Local Receipt Reductions** In FY2008 the Town collected \$2,601,201 in Local Receipts (Excise Tax, Permits, Fines, etc.). Those receipts dropped \$590,808 in one year and reached a low of \$1,865,889 in FY2011 for a total loss in annual revenue of \$735,312 or 28%.

**Rising Costs for Regional School, Regional Vocational, and Out of District Assessments** The Town's budget for Education has risen from FY2008 to FY2015 by 27% or \$1,864,670, from \$6,796,156 to \$8,660,826.

**Rising Costs for Pension Liability** The Town's Pension Liability for Worcester Regional Retirement System has risen from FY2008 to FY2014 by 75% or \$235,129, from \$312,930 to \$548,059 and is increasing by 10.57% or \$57,920 next year to \$605,979.

**No Proposition 2 ½ Overrides** The Town of Spencer did not asked for a Proposition 2 ½ Override for General Government Services during the Economic Downturn from FY2008 to FY2014.



# *How We Avoided Overrides*

## **Health Insurance Cost Control**

- ❑ Retiree Premium Contribution Rates: In FY2006, the Board of Selectmen adopted a policy to increase retiree insurance contribution rates to reduce the Town's burden by increasing the retiree rate by 1% per year until the rate reaches 40%. The starting rate was 15% and the rate scheduled for Fiscal Year 2015 is 25%.
- ❑ Plan Allocation: In FY2011, the Town negotiated with its employees to change from offering 2 health insurance plans to 1 plan, reducing monthly premiums and also began purchasing the new plan through a joint purchase group (MIIA), which helped the Town avoid a 20% increase in premiums that year.
- ❑ Plan Design: In FY2013, the Town Employees agreed to pay higher copays helping the Town avoid a 3.5% increase in premiums that year. Town Employees have again agreed to restructure copays for next year, FY2015, such that a 3.75% premium increase will be avoided.
- ❑ Active Employee Premium Contribution Rates: The Town negotiated with its unions or adopted Personnel Bylaw Changes such that the burden of health insurance cost premiums would be shifted from the Town to Active Employees. Starting in FY2014, all Town Employees pay 40% of the cost of health insurance premiums.



# *How We Avoided Overrides*

## **Personnel Reductions**

- ☐ Eliminated the P/T Board of Health Clerk in FY2009
- ☐ Eliminated the P/T Building Inspector in FY2009
- ☐ Eliminated the P/T Parks & Recreation Director in FY2009
- ☐ Reduced the F/T Town Planner to P/T in FY2011 (regionalized with Leicester)
- ☐ Reduced the F/T Building Inspector to P/T in FY2013
- ☐ Reduced the F/T Town Accountant to P/T in FY2013
- ☐ Eliminated the P/T Benefits Coordinator in FY2013 (privatized)
- ☐ Eliminated the P/T Assessors Junior Clerk in FY2014
- ☐ Eliminated the P/T Information Technology Coordinator in FY2014 (privatized)





# *How We Avoided Overrides*

## **Personnel Wage Adjustments**

- ☐ FY2010 – All Contracted Department Heads took a **Wage Freeze**.
- ☐ FY2010 – The Police Association Unit took a **Wage Deferment** until FY2011 when it then became a **Wage Freeze** resulting in 0% increase for FY2010.
- ☐ FY2010 – The Utilities & Facilities Unit took a **Week Furlough Unpaid**.
- ☐ FY2010 – The Police Dispatchers Unit took a **Wage Freeze**.
- ☐ FY2010 – The Town Hall Clerks Unit took a **Wage Freeze**.
- ☐ FY2011 – The Town Personnel Bylaw Employees took a **Wage Freeze**.
- ☐ FY2011 – The Utilities & Facilities Unit took a **Wage Freeze**.
- ☐ FY2012 – The Police Association Unit took a **Wage Freeze**.
- ☐ FY2012 – The Town Hall Clerks Unit took a **Wage Freeze**.
- ☐ FY2012 – The Utilities & Facilities Unit took a **Wage Freeze**.
- ☐ FY2013 – The Board of Selectmen **eliminated their Salary Stipends**.



# *How We Avoided Overrides*

## **Budget Trends from FY2008 to FY2014 (over 6 years)**

### **Budget Reductions**

	<b>FY2008 Budget</b>	<b>FY2014 Budget</b>	<b>+ / -</b>	<b>%</b>
<b>Board of Selectmen</b>	\$19,594	\$4,200	-\$15,394	-79%
<b>Town Administrator</b>	\$179,953	\$160,897	-\$19,056	-11%
<b>Town Accountant</b>	\$107,875	\$87,167	-\$20,708	-19%
<b>Town Counsel</b>	\$66,580	\$38,000	-\$28,580	-43%
<b>Inspectional Services (ODIS)</b>	\$270,566	\$218,987	-\$51,579	-19%
<b>Tree Warden</b>	\$22,464	\$16,474	-\$5,990	-27%
<b>Parks &amp; Recreation</b>	\$100,816	\$23,400	-\$77,416	-77%

### **Modest Increases**

	<b>FY2008 Budget</b>	<b>FY2014 Budget</b>	<b>+ / -</b>	<b>%</b>
<b>Board of Assessors</b>	\$113,225	\$128,966	\$15,741	14%
<b>Treasurer Collector</b>	\$137,274	\$155,124	\$17,850	13%
<b>Town Clerk</b>	\$122,752	\$138,867	\$16,115	13%
<b>Fire Department</b>	\$318,866	\$369,003	\$50,137	16%
<b>Transfer Station</b>	\$413,410	\$419,723	\$6,313	2%
<b>Board of Health</b>	\$68,625	\$72,570	\$3,945	6%
<b>Employee Benefits</b>	\$1,487,117	\$1,577,892	\$90,775	6%





# *Recent SEBRSD History*

**May 2013** – Spencer and East Brookfield overwhelmingly rejected additional SEBRSD Budget Assessments (35%) at their respective Annual Town Meetings and Elections for a Proposition 2 ½ **Override**.

**June 2013** – The SEBRSD revised the Budget lowering the additional Assessments (from 35% to 26%).

**July 2013** – Spencer and East Brookfield Special Town Meeting Voters approve the revised Assessments contingent upon successful Override Election votes.

**September 2013** – The revised Assessments were overwhelmingly rejected at Special Town **Override** Elections.

**October 2013** – The SEBRSD approved a revised Budget lowering the additional Assessments (from 26% to 17%).

**October 2013** – A District Wide Meeting was held and voters adopted a revised budget with lower Assessments (8.5%) but the SEBSRD failed to adopt the compromised budget.

**November 2013** – The MA Department of Elementary and Secondary Education set the District Budget at **\$701,428** higher than previous year.

**December 2013** – Spencer held a Special Town Meeting to adopt the revised FY2014 Assessment for SEBRSD and the General Government Budget. Spencer used reserves and made operational cuts to balance the Budget.

**May 2014** – The SEBRSD Assessment and a General Government Services **Override** were rejected by voters.

**July 2014** – The SEBRSD reduced the Assessments to level funding matching the FY2014 mandated budget.



# ***FY2015 Town Budget***

❑ **FY2014 SEBRSD Budget Deficit Remains** – The \$701,428 additional Assessment that was mandated by MA DESE in FY2014 carried over into FY2015 as the new threshold for the SEBRSD Budget.

*In addition:*

❑ **FY2015 Bay Path Budget Increase** – The Vocational School Member Assessment has increased by 11.4% (\$78,086) due to increased enrollment.

❑ **FY2015 Additional Nonresident Vocational Assessments** – Two Additional Students resulting in \$33,594 in additional obligations.

❑ **FY2015 Pension Liability (Worcester Regional Retirement)** – Increasing by 10.57% or \$57,920.

❑ **FY2015 General Government Budget Includes** –

- Stormwater Management Mandate Target of \$90,000 (New MS4 Permit to be released this year)
- Transfer Station Fee and other Operational Budget Adjustments
- Modest 1% increase for four Collective Bargaining Units and 1.3% increase for Bylaw Personnel



# ***FY15 General Government Budget***

<b>Fund</b>	<b>General Fund</b>	<b>FY15 Recommended</b>
100	General Government	\$1,012,677
200	Public Safety	\$2,552,791
300	Land Use/Planning	\$166,808
400	Public Works	\$1,841,166
500	Public Health & HS	\$297,011
600	Culture & Recreation	\$314,392
700	Debt Service	\$460,730
800	Employee Benefits	\$1,584,982
900	General Insurances	\$218,848
<b>010</b>	<b>General Fund Total</b>	<b>\$8,449,405*</b>

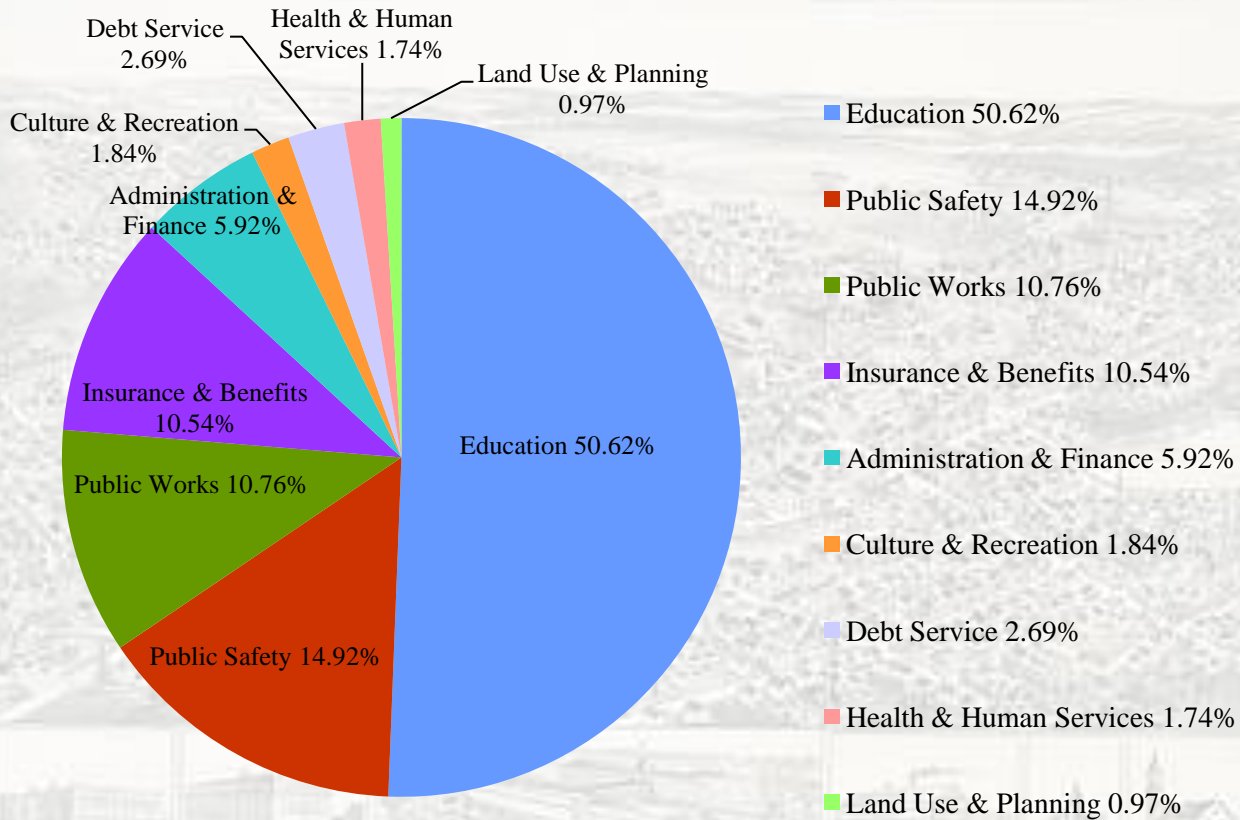
\*Represents an increase of 0.92% over FY2014





# ***FY15 General Fund Allocation***

**FY 2015 - Where General Fund \$ Goes To**





# ***FY15 Service Reduction as a Result of Failed Annual Town Election Override***

- ☐ **Richard Sugden Library** (\$92,000) – Reduced Hours by 20% (40 to 32), Eliminated 7 Positions, and Cut Expenses resulting in reduced Programs and reductions in Professional Development. This has also lead to more closures due to staff shortage and most likely Decertification.
- ☐ **Parks & Recreation** (\$61,000) – Eliminated Beach Programs and Cut Park Maintenance leading to the loss of summer swimming instructions and Park facility deterioration.
- ☐ **Closed Town Hall on Thursdays** (\$124,000) – Reduced Support Staff Hours by 25%, Eliminated 3 PT Positions and Reduced Building Inspectors Hours by (40%). This has lead to delays in customer service, longer permit wait times, and inaccessible services on two business days/week.
- ☐ **Highway Department** (\$51,000) – Eliminated a Position & Reduced Roadwork Expense Budget. This has lead to delays in required work being performed and further backlog in road repairs.
- ☐ **Public Safety: Fire Department** (\$36,000) – Firefighter Training not restored and Reduced Facilities Maintenance (50%) and **Police Department** (\$16,000) – Reduced Police Overtime (special events) & Reduced Facilities Maintenance (50%)
- ☐ **Council on Aging** (\$90,000) – Relocation of Senior Center to Maple Street School on hold.
- ☐ **Board of Health** (\$4,000) Cut Fluoride Program & Eliminated all **Board Salaries** (\$10,000)



# *What is a Prop 2 1/2 Override?*

- ☐ **Proposition 2½** (Mass. General Laws Ch. 59 § 21C) is a State statute which limits property tax increases by municipalities. It was passed in 1980 and went into effect in 1982.
- ☐ Under Proposition 2½, a municipality is subject to two property tax limitations:
  1. **Levy Ceiling**: The total annual property tax revenue raised by a municipality shall not exceed 2.5% of the assessed value of all taxable property contained in it.
  2. **Levy Limit**: The annual increase of property tax cannot exceed 2.5%, plus the amount attributable to taxes that are from new real property (New Growth).
- ☐ An exception allows the citizens of each municipality to **Override** the 2.5% restriction to address specific needs of the community, thus giving the citizens direct control over their taxation.





# *What is a Prop 2 1/2 Override?*

- ☐ The only way an election ballot question for an Override can be put forth before the voters is by a majority vote of the Board of Selectmen.
- ☐ Questions require a “Statement of Purpose” for how the monies from the additional tax “assessment” will be used.
- ☐ Questions require the specific dollar amount of additional taxing authority being requested and the fiscal year in which it will be used.
- ☐ A question is approved if a majority of the people voting on that question vote “yes.”
- ☐ Authorization results in a permanent increase of the Tax Levy Limit.



# *November 4<sup>th</sup> State and Special Town Election*

- ☐ Polls are open 7 am to 8 pm – all registered voters
- ☐ Contains State Elections and Ballot Questions
- ☐ Contains a Town Question for the purpose of authorizing a Proposition 2 ½ Override to restore Municipal Services in the FY2015 General Government Budget that were reduced due to Education Funding Mandates
- ☐ Approval of question requires majority voter approval
- ☐ Restore General Government Services of \$484,000



# ***Town Services Election Question***

## **Ballot Question No. 5:**

Shall the Town of Spencer be allowed to assess an additional Four Hundred Eighty-Four Thousand Dollars (**\$484,000**) in real estate and personal property taxes for the purposes of funding the following departmental services: Council on Aging (\$90,000), Richard Sugden Library (\$92,000), Fire Department (\$36,000), Police Department (\$16,000), Highway Department (\$51,000), Parks & Recreation (\$61,000), Board of Health (\$4,000), Town Administrator (\$10,000), Town Accountant (\$10,000), Assessors (\$24,000), Treasurer/Collector (\$17,000), Town Clerk (\$26,000), Inspectional Services (\$37,000), and Miscellaneous Boards and Committees (\$10,000) for the fiscal year beginning July first 2014?

Yes \_\_\_\_\_ No \_\_\_\_\_





## *Impact of the November 4<sup>th</sup> Override:*

- ☐ Approval of the Town Services Override would add \$0.52 to the Proposed FY2015 Tax Rate of \$13.61 resulting in an adjusted FY2015 Tax Rate of \$14.13 / \$1,000.
- ☐ The estimated INCREASE on various property assessments if the Town Services Override request is approved is as follows:

	\$150,000	\$175,000	\$200,000	\$225,000	\$250,000
<b>FY 2015 Tax Bills</b>	\$ 2,041	\$ 2,382	\$ 2,722	\$ 3,062	\$ 3,402
<b>Tax Bill w/ Override</b>	<u>\$ 2,120</u>	<u>\$ 2,473</u>	<u>\$ 2,826</u>	<u>\$ 3,179</u>	<u>\$ 3,533</u>
<b>Override Increase</b>	\$ 79	\$ 91	\$ 104	\$ 117	\$ 131



# *Questions & Answers*

SPENCER  
MASSACHUSETTS  
1793